

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

SEPTEMBER 27, 1935

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Lively Discussions Promised by  
Line-Up of Subjects and  
Leaders

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"The Federal Securities Act of 1933 as Amended"; "The Special Problems and Responsibilities of the Accountant Under the New Act." Discussion leaders on these subjects will be George O. May, Senior Partner of Price, Waterhouse & Co., Samuel J. Broad, Member of the Firm of Peat, Marwick, Mitchell & Co., and Shipley Thomas of Ford, Bacon & Davis, Inc.

"The Modern Corporation and Its Obligations to Its Stockholders—Legal and Moral" and "Practical Results of Corporation Financing Under the Securities Act Today." Discussion leader, Ralph T. Crane, Vice-President, Brown Harriman & Co., Inc.; President, Investment Bankers Association.

"An Appraisal of the Orthodox Principles of Taxation and Recent Variations Therefrom," and "Some Legal and Practical Phases of the Federal Tax Act of 1935." The first topic will be discussed by Colonel Robert H. Montgomery, Partner, Lybrand, Ross Bros. & Montgomery.

"Some Legal Aspects of the Processing Taxes Which Are Important to the Business Executive." Discussion by Goldthwaite H. Dorr, President, Cotton Textile Institute, Inc.

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Reservations Made by 40 Companies  
for Exhibits in New York  
on March 3-6

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Predictions based on this early registration are that the exhibition will be at least 50 per cent larger than the one held last year in the Palmer House, Chicago.

A packaging council which will serve as an advisory group in this activity has been formed, and consists of both members and non-members. In all, seventy persons are on the council representing the users and manufacturers of packages and packaging supplies, packaging machinery, and packing and shipping supplies. Trade associations are also represented as well as editors of trade journals, consultants, artists and designers.

Work is going ahead on the planning of papers and talks which will treat both the unit package and the subject of packing and shipping.

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## THE A.M.A.

A non-profit organization of professional executives whose job it is to get the day's work done - Practical solutions of practical problems.

## ANDERSEN CHOSEN AIDE TO DRAPER

The many friends of Kenneth Andersen, former Secretary of the AMA, will be interested to know that he has been chosen administrative assistant to Ernest G. Draper, who was recently appointed Assistant Secretary of Commerce by President Roosevelt, to succeed John Dickinson. Mr. Andersen was associated with the AMA for three years, from 1930 to 1933, and for the last two months has been assisting the staff at Association headquarters. He has been Assistant Secretary of the Rubber Manufacturers Association, and is a graduate of Dartmouth College. He was also associate editor of the *Handbook of Business Administration*. His friends in the AMA wish him much success in his new endeavor.

## CONFERENCE CHAIRMEN

Mark M. Jones, President, The Akron Belting Co., and Vice-President in charge of the Division of Finance and Accounts of the AMA, will be the Chairman of the first session of the coming financial conference, which opens at 10:00 A. M., October 9.

The afternoon session will be presided over by Colonel H. A. Gidney, Comptroller, Gulf Oil Corporation of Pennsylvania. The Chairman of the dinner meeting on the night of October 9 will be John G. Lonsdale, Chairman of the Board, Mercantile-Commerce Bank and Trust Company, St. Louis, Mo. The session on taxation, which will open on the morning of the second day of the conference, will be presided over by Eustace Seligman, Member of the Firm of Sullivan and Cromwell. Mr. J. W. Oliver, Secretary of the Linen Thread Co., Inc., will be Chairman at the afternoon session.

## To Hold Personnel Meeting in Chicago

**Conference Is Planned for Latter Part of January or Early February**

The meeting of the Personnel Division of the AMA will be held in Chicago, probably during the latter part of January or the first part of February, 1936, it was announced this week by Alvin E. Dodd, Executive Vice-President of the Association.

Preliminary work on the formation of the program is in progress under the leadership of Harold Bergen, Director of Industrial Relations, The Procter & Gamble Company, and Vice-President in charge of the AMA Personnel Division. Some of the major topics for discussion have already been tentatively agreed upon. It is likely that the meeting will concern itself with the subject of compensation and promotion, and collective bargaining. Also, it has been learned, there will probably be some analysis of the Social Security Act with relation to private plans, and the practical aspects of working out relations between State and Federal requirements of Social Security legislation.

Wage incentives, a subject in which there is special interest at this time, will be discussed, and a summary of employee representation plans outlining what changes have been taking place in many companies will be presented.

**Those planning the meeting will be very grateful if members will take a few moments to send to AMA headquarters the names of subjects and speakers they would like the committee to consider for the program.**

## Rukeyser Writes for AMA

Merryle Stanley Rukeyser, a daily financial columnist and editorial writer for the *New York American* and associated newspapers, has written a Current Comment for the October number of *The Management Review* on "Who Pays the Taxes?"

Mr. Rukeyser is well known in the financial field and is the author of four books on finance including *The Common Sense of Money and Investments* and *Financial Advice to a Young Man*.

## Financial Conference Registration Begins

**All in Readiness for Meeting to Examine Financing Under Recent Federal Statutes**

A conference to survey the boundaries which have been drawn around the fiscal activities of the American corporation by new Federal laws, to be held by the Division of Finance and Accounts on October 9-10 at the Waldorf-Astoria Hotel, New York City, will mark the opening of the new meeting schedule of the American Management Association.

Viewed by observers as one of the most important meetings yet held under AMA sponsorship, the conference will seek to investigate some of the problems confronting corporations under recently enacted Federal securities statutes.

Programs have been sent out, and advance registration has already begun, giving definite indication that there will be a large attendance of business executives and members of the bar of New York and other states.

One of the features of the meeting will be a dinner session on the night of October 9, at which one of the speakers will be Charles R. Gay, President of the New York Stock Exchange. Mr. Gay's subject will be "The Role of the Organized Exchanges in Protecting the Stockholder and Investor." The Chairman of the evening will be John G. Lonsdale, Chairman of the Board, Mercantile-Commerce Bank and Trust Company, St. Louis, Mo.

Other speakers at the two-day meeting will be: James M. Landis, Chairman of the Securities and Exchange Commission, Washington, D. C.; Rodney F. Starkey, Partner, Price, Waterhouse & Co.; Dr. A. A. Berle, Jr., City Chamberlain, New York City, Professor of Law, Columbia University; Arthur H. Dean, Member of the Firm of Sullivan and Cromwell; Charles W. Gerstenberg, Chairman of the Board, Prentice-Hall, Inc.; Bernhard Knollenberg, Member of the Firm of Lord, Day & Lord; Gilbert H. Montague of the New York Bar; Dr. Robert Murray Haig, McVicker Professor of Political Economy, Columbia University.

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advice from the sources.

# BUSINESS CONDITIONS

Vol. 8, No. 9

September, 1935

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	THOMAS GIBSON
GENERAL OUTLOOK	General business activity has apparently been at a higher rate than can be maintained during the remainder of the year (August 31).	The outlook is for an advance to new recovery highs; we continue bullish (August 26).	The fall business revival will last without material interruption well into the first quarter of next year (September 14).	Substantially higher trade activity and corporate profits will feature the remaining months of 1935 (September 13).
MONEY AND CREDIT	In its first session, the 74th Congress appropriated about ten billions, equivalent to over 20 per cent of the total annual income received by all people in this country in 1934 (August 31).	There is no present sign of further cheapening the American dollar (September 2).		There has been very little change in the total volume of credit outstanding in this country, such change as has taken place being due to governmental operations (September 13).
SECURITY MARKETS	The earnings outlook suggests that industrials and utilities are likely to improve their respective showings in the third quarter, railroad losses being materially reduced (September 5).	Today's sound policy is to hold stocks (September 9).	Industrials and rails made new highs; slight recession followed; volume heavier; government bonds sagging; corporates slightly irregular (September 14).	The real foundation which underlies the strong internal position of the market is the fact that the recent rise has taken place with practically no expansion in brokers' loans (September 6).
PRODUCTION	Manufacturing activity declined in July for the third successive month to the lowest rate of the year, although it was 16.9% larger than July, 1934 (September 7).	Factory production has risen 27.5% above the 1934 low point while only 10.1% more workers have been taken on to payrolls (September 9).	Manufacturing activity is now expanding in such typical consumers goods industries as textiles, leather and shoes (September 7).	Pig iron production in August scored a counterseasonal gain of 16% over July and was well above August, 1934 (September 6).
DISTRIBUTION	In the first seven months of this year wholesale trade rose 6% above last, with retail sales increasing 1.3% in value (August).		Car loadings have finally forged ahead of the corresponding weeks of last year (September 7).	Thus far in 1935 automobile sales are up about 25%; farm implement sales, 75%; electrical refrigerators, 50%; earnings of machinery companies, 263% (September 13).
BUILDING	Building activity continues to be stimulated by a rising trend of rents, which reflects recovery in real estate values (August 24).	Contracts awarded for residential building showed an increase over the first half of August, 1934, of about 120% (September 9).	For the first time in several years mortgage money to finance building operations is becoming available on a liberal scale, the Government being foremost in extending this aid (September 7).	New construction contracts in August reached a new peak since 1931 except for three months during which PWA was very active (September 13).
AGRICULTURE	The farmers' income from marketings in July dropped below the amount received in the corresponding month last year for the first time in 1935 (September 7).	The saturation point in the electrical equipment industry is not even in sight with 86% of farm homes without electrical service of any kind (September 9).	The farmers exert about 85% of all the man-power engaged in raw material production and produce about 66% of the materials (August 31).	
COMMODITY PRICES	The current outlook is for a firm trend based on the support which the unfavorable livestock condition will exert upon both the prices of raw materials and finished goods (August).	Moderately higher living costs are likely over the next few months (September 9).	Export copper is higher, with silver up in London (September 14).	
FOREIGN TRADE AND CONDITIONS	In the first seven months, exports were approximately equal to the same period a year ago while imports were 18% greater (August).	Italy has already decreed that gold coverage of 40% on currency and bills should be suspended, practically amounting to abandonment of the gold standard (September 2).	Sterling slightly higher; Gold Bloc shipping gold as currencies remain weak; Shanghai dollar up (September 14).	Foreign exchanges have been weakening because of the underlying strength of the dollar, underlying weakness of the gold bloc, and Italian war threat (September 6).
LABOR AND WAGES	There were more persons unemployed in July, 1935, than in October, 1933, the increase not being sufficient to offset the gain in population (September 7).	Strike totals during last month reached 102 compared with 170 in August a year ago; look for further increases as business improves in the last quarter (September 9).	July employment and payroll statistics relating to factory workers indicate that the economic status of this group is improving (September 7).	Regardless of what legislation Congress enacted in the closing days, the bulk thereof will probably be thrown into the waste basket by the Supreme Court (August 23).

# TRENDS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
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	BUSINESS WEEK	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
activ- all fea- f 1935	Apparel trades are stepping up operations; buyers came into textile markets with a rush in the last days of August; motor makers are pushing parts suppliers (September 7).	The three great laggards in recovery are export trade, railroad purchasing and building construction (September 16).	A highly encouraging feature of the business expansion in the last few weeks is that the durable goods industries, where most of the unemployment exists, have played such a big part (August).	Fall merchandise trade will show an increase of fully 10% over last year; markets of all kinds give evidence of strength (September).
change t out- such being ations	Increased inter-corporation dividend taxes, plus corporate income tax will help budget balancing amazingly beyond any published estimates, if business expands (September 7).		The public debt on July 31 stood at approximately \$29,120,000,000 as against \$27,189,000,000 a year earlier (August).	Easy money is working its way more broadly into the economic situation and making a revival of the capital markets more certain (September).
h un- position at the with bro-	With new financing all old higher-rate bonds are canceled at huge savings, but the Administration realizes no more money is to be saved in this direction (September 7).	Railroad securities are now worth about half as much as they were six years ago, but twice as much as in the summer of 1932 (September 16).	New security flotations have risen to the highest level in more than four years (August).	The high grade bond market had a sharp set-back in August probably because the advance stimulated by cheap money had been too rapid (September).
August ain of above	Last month's steel output, exceeding 2.9 million tons—a 29% jump over July and 111% over last August—established a new high for 1935 (September 14).	Recovery has made sufficient progress during the past three years to carry the volume of industrial production half way back towards the average for 1923-1925 (September 16).	The steel industry has reported seven consecutive weekly advances in output and is now operating at the highest rate since last February (August).	The Federal Reserve Board's index of manufacturing activity for July was up to 86, from 84 in June (September).
e sales ement rators, com-	Check transactions last month were 18% ahead of a year ago (September 14).	The American public is traveling more freely, patronizing entertainments and amusements more generally, buying more personal and household goods (September 16).	Department store sales last month showed an encouraging gain over the total for July, 1934, but a decline from the June figure of the usual seasonal magnitude (August).	
cts in since s dur- active	August construction contracts of \$168.6 millions in 37 states made a new 1935 record (September 14).	Before the depression our annual expenditures for construction averaged over ten billions a year and now are about a quarter of those figures (September 16).	During the first half of last year 67% of all construction was financed with government funds; during the first half of this year, only 46% (August).	Contract awards for the first half of August ran 53.4% above last year (September).
	Critics have long held AAA worst economic feature of whole New Deal; politics now threatens to make adjustments impossible by administration boosters; farm bloc of McNary-Haugen days coming into picture (August 31).		If measures are not devised to re-establish the cotton growers of this country, economic life in the south will have to undergo drastic alteration with serious repercussions throughout the entire country (August).	Flocks of poultry are being restored, and egg and milk production are both ahead of last year (September).
	Compared with a year ago, August rents were 9.3% higher, food was 9.4% (September 14).		Basic commodity prices have shown few marked changes since the termination of the NRA codes, the wholesale price index marking a decrease of one point for the thirty-day period just ended (August).	The average price of the important raw materials stood toward the end of August at a new high point in the recovery—167% above December 31, 1931 (September).
been derly- under- bloc, ember	War fears deaden European security activity; coffee countries run into financial troubles as sales and prices continue to sag (September 14).		England's unemployed are reduced to the lowest level in five years; France is successfully balancing her budget; Germany is in the midst of a minor boom (August).	Our silver policy tends to increase the confusion in the exchange markets and to delay the stabilization so urgently needed for restoring world trade (September).
ilation losing obably ket by (23).	Department store strike threats fill the air as abandonment of NRA labor standards gives the Retail Clerks International Protective Association a big opening (September 14).	In August, factory employment and factory payrolls were slightly below their average so far in 1935 (September 16).	The A. F. of L. estimates that 51% of the workers in the building trades were unemployed in June, as against 55% in 1934 and 66% in 1933 (August).	Although the skeleton NRA organization has predicted widespread price and wage cutting, the unsettlement which would result from such policies is not evident (September).